



**Todd Kremin**

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**From:** Robert Trumpy  
**Sent:** Thursday, July 27, 2006 4:55 PM  
**To:** 'Matt Samuel'  
**Subject:** revised biosafe proj  
**Attachments:** Retail proforma 07-27-06.xls

I looked at the expenses critically and increased several categories with the following logic. I now included those expenses that Biosafe would have incurred in running this level of revenue with the assumption that as of 8/1/06 expenses begin to increase with the new team gradually coming on board. The benefit of those added people will marginally be felt in 2006 and reach full value (ie. revenue increase) in 2007. The larger increase in expense for salaries/expenses in 2007 tracks with the increase in volume/revenue for 2007.

Call me if there are still concerns. As a reminder, the "going public" costs are not in any year per Andrews initial instructions.

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**Retail Newco**  
**Projected Income Statement**  
*INTERNAL USE ONLY - Confidential*  
**2005**      **2006**      **2007**      **2008**      **2009**

	2005	2006	2007	2008	2009
<b>Product Revenue:</b>					
Cholestestol Panel	\$ 277,200	\$ 450,450	\$ 1,145,375	\$ 1,617,000	\$ 1,886,500
TSH	\$ 255,906	\$ 471,192	\$ 1,218,600	\$ 1,706,040	\$ 1,827,900
PSA	\$ 357,000	\$ 541,875	\$ 1,083,750	\$ 1,785,000	\$ 1,912,500
Hemoglobin A1c	\$ 10,360	\$ 77,700	\$ 691,530	\$ 699,300	\$ 932,400
Disease Management-Pharmacy	\$ 552,300	\$ 437,238	\$ 1,288,700	\$ 1,656,900	\$ 2,761,500
Anemia Meter	4,185	209,250	781,200	837,000	627,750
Rapid Allergy	-	-	1,276,800	2,394,000	2,992,500
New Development	-	-	-	1,871,250	3,742,500
Internet	125,887	455,289	865,123	1,038,148	1,245,777
<b>Revenue via Acquisition</b>					
<b>Total Revenue</b>	<b>1,582,838</b>	<b>2,642,994</b>	<b>8,351,078</b>	<b>13,604,638</b>	<b>17,929,327</b>
<b>COGS-Biosafe Products</b>	<b>\$ 674,552</b>	<b>\$ 957,206</b>	<b>\$ 3,123,325</b>	<b>\$ 4,825,089</b>	<b>\$ 6,386,897</b>
<b>COGS via Acquisition</b>	<b>\$ 126,627</b>	<b>\$ 211,439</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Royalty to Biosafe</b>	<b>8%</b>	<b>\$ 781,659</b>	<b>1,474,348</b>	<b>4,559,667</b>	<b>7,691,178</b>
<b>Total Gross Margin</b>					<b>10,108,084</b>
<b>% of Net Revenue</b>		<b>49%</b>	<b>56%</b>	<b>55%</b>	<b>57%</b>
<b>Selling, General and Administrative (non-public assumptions)</b>					
Sales and Commissions	2%	31,657	52,860	167,022	272,093
Other Salaries	-	150,000	570,000	650,000	730,000
Interim Services from Biosafe					
Rent/Utilities			25,000	120,000	120,000
Payroll Tax & Benefits			50,000	128,979	161,366
Professional			35,500	75,000	81,000
General Insurance			25,000	30,000	40,000
Bad Debt @	1%	15,828	26,430	83,511	136,046
Other Expenses			23,930	78,083	120,627
Advertising/Marketing			26,430	334,043	544,186
Travel & Entertainment			10,000	35,000	40,000
<b>Total S,G &amp; A</b>		<b>53,025</b>	<b>435,150</b>	<b>1,621,637</b>	<b>2,165,318</b>
<b>EBITDA</b>		<b>728,634</b>	<b>1,039,198</b>	<b>2,938,030</b>	<b>5,525,860</b>
<b>% of Revenue</b>		<b>46%</b>	<b>39%</b>	<b>35%</b>	<b>41%</b>
Depreciation and Amortization					
<b>EBIT</b>		<b>728,634</b>	<b>220,000</b>	<b>265,000</b>	<b>315,000</b>
<b>% of Revenue</b>		<b>46%</b>	<b>31%</b>	<b>32%</b>	<b>38%</b>
Interest Income					
Interest					
<b>Pre Tax Profit (Loss)</b>					
Income Taxes					
<b>Net Income</b>					

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277,738      307,199      1,024,103      1,958,903      2,641,348  
 462,896      511,999      1,706,838      3,263,338      4,402,246  
 29% INTERNAL USE 13% Y      20%      24%      39%      25% / 28/2008 11:46 AM

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**Newco Retail  
Projected Balance Sheet**

	Annual 2005	Annual 2006	Annual 2007	Annual 2008	Annual 2009
<b>Assets</b>					
Cash		<b>2,895,594</b>	<b>524,073</b>	<b>1,410,901</b>	<b>3,740,632</b>
Accounts Receivable (net of allowance)		377,571	1,193,011	1,943,520	2,561,332
Inventories		100,000	200,000	250,000	2,400,000
Prepaid Expenses		10,000	10,000	10,000	10,000
Refundable Deposits					
<b>Total Current Assets</b>	<b>0</b>	<b>3,383,165</b>	<b>1,927,084</b>	<b>3,614,421</b>	<b>8,711,965</b>
Property, Equip & Cap Devl Costs, net					
Goodwill		0	80,000	80,000	95,000
Product Licenses		0	4,800,000	4,000,000	4,000,000
<b>Total Assets</b>	<b>0</b>	<b>12,263,165</b>	<b>11,567,084</b>	<b>13,989,421</b>	<b>19,791,965</b>
<b>Liabilities</b>					
A/P Trade		121,166	348,247	517,246	677,543
Payroll and Payroll Taxes		100,000	140,000	150,000	160,000
Compliance Accrual		30,000	60,000	90,000	120,000
Notes Payable - Current					
Total Current Liabilities		<b>0</b>	<b>251,166</b>	<b>548,247</b>	<b>757,246</b>
Other Long Term Liabilities					
Notes Payable - Long Term					
<b>Total Liabilities</b>	<b>0</b>	<b>251,166</b>	<b>(2,700,000)</b>	<b>(3,750,000)</b>	<b>(2,550,000)</b>
<b>Shareholders Equity</b>					
Common Stock		0	11,500,000	11,500,000	11,500,000
Beg Retained Earnings		0	0	511,999	2,218,837
Current Period Income/(loss)		<b>511,999</b>	<b>1,706,838</b>	<b>3,263,338</b>	<b>5,482,175</b>
Ending Retained Earnings		<b>0</b>	<b>511,999</b>	<b>2,218,837</b>	<b>5,482,175</b>
<b>Total Stockholders Equity</b>	<b>0</b>	<b>12,011,999</b>	<b>13,718,837</b>	<b>16,982,175</b>	<b>21,384,422</b>
<b>Total Liabilities and Stockholders Equity</b>	<b>0</b>	<b>12,263,165</b>	<b>11,567,084</b>	<b>13,989,421</b>	<b>19,791,965</b>

Newco Retail  
Projected Statement of Cash Flow  
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	Annual 2005	Annual 2006	Annual 2007	Annual 2008	Annual 2009
<b>Beg. Cash and Reserve for Future Development</b>		<b>0</b>	<b>2,895,594</b>	<b>524,073</b>	<b>1,410,901</b>
<b>Net income (loss)</b>		511,999	1,706,838	3,263,338	4,402,246
Change in working capital (less cash):					
Current assets	0	(487,571)	(915,441)	(800,509)	(2,767,813)
Current liabilities	0	251,166	297,080	208,999	200,297
Depreciation/Amortization					
Net PPE decrease (increase) including capitalized R & D	0	220,000	265,000	315,000	370,000
Goodwill purchase	0	(5,100,000)	(1,025,000)	(1,050,000)	(1,075,000)
Issue of Note Payable for License					
Repayment of Note Payable					
Increase other long term liability					
Issuance of common stock, net of fees					
<b>Ending Cash and Reserve for Future Development</b>		<b>0</b>	<b>11,500,000</b>	<b>0</b>	<b>0</b>
		<b>2,895,594</b>	<b>524,073</b>	<b>1,410,901</b>	<b>3,740,632</b>

Projected Long Term Assets/Liability Work Schedule  
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	Annual 2005	Annual 2006	Annual 2007	Annual 2008	Annual 2009
<b>Fixed Assets</b>					
Beginning Balance	0	0	80,000	80,000	95,000
Depreciation/Amort.		(20,000)	(25,000)	(35,000)	(50,000)
Purchases/Cap R&D		100,000	25,000	50,000	75,000
<b>Ending Balance</b>		<b>80,000</b>	<b>80,000</b>	<b>95,000</b>	<b>120,000</b>
<b>License</b>					
Beg. Balance	0	0	4,800,000	5,560,000	6,280,000
Amortization	0	(200,000)	(240,000)	(280,000)	(320,000)
New licenses		5,000,000	1,000,000	1,000,000	1,000,000
<b>Ending Balance</b>		<b>0</b>	<b>4,800,000</b>	<b>5,560,000</b>	<b>6,280,000</b>

Projected Capitalization Table  
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	Annual 2005	Annual 2006	Annual 2007	Annual 2008	Annual 2009
Beginning Shares Issued/Outstanding					
Shares Issued During Period - #					
<b>Ending Share Count</b>	0	<b>12,166,666</b>	<b>12,166,666</b>	<b>12,166,666</b>	<b>12,166,666</b>
Beginning \$ Value at Issued Price					
Shares Issued During Period - \$					
2,500,000 @ \$ 1.00					
5,000,000 @ \$ 1.00					
1,500,000 @ \$ 1.00					
500,000 @ \$ 1.50					
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4,000,000					
<b>Ending \$ Value at Issued Price</b>	0	<b>12,000,000</b>	<b>12,000,000</b>	<b>12,000,000</b>	<b>12,000,000</b>

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12,000,000

## Newco Retail

## Volume, Pricing and COGS

Year	Send-in				Rapid test				Total	
	Cholesterol Panel	TSH	PSA	Hemoglobin A1c	Disease Mangt Kits	Anemia Meter	Rapid Allergy	New Development		
<b>2005</b>	2,400	4,200	4,200	200	750	100	-	-	\$ 1,456,951	
Stores	6	3	4	4	80	3	-	-		
Kits per Store/year		12,600	16,800	800	60,000	300	-	-		
<b>Unit Price</b>	\$ 19.25	\$ 20.31	\$ 21.25	\$ 12.95	\$ 9.21	\$ 13.95	-	-		
<b>Revenue</b>	\$ 277,200	\$ 255,906	\$ 357,000	\$ 10,360	\$ 552,300	\$ 4,185	-	-		
<b>COGS</b>	\$ 98,525	\$ 101,836	\$ 126,865	\$ 4,523	\$ 316,800	\$ 825	-	-		
<b>2006</b>	3,900	5,800	5,100	1,200	1,900	2,500	-	-	\$ 649,375	
Stores	6	4	5	5	25	6	-	-		
Kits per Store/year		23,200	25,500	6,000	47,500	15,000	-	-		
<b>Unit Price</b>	\$ 19.25	\$ 20.31	\$ 21.25	\$ 12.95	\$ 9.21	\$ 13.95	-	-		
<b>Revenue</b>	\$ 450,450	\$ 471,192	\$ 541,375	\$ 77,760	\$ 437,238	\$ 209,250	-	-		
<b>COGS</b>	\$ 160,103	\$ 187,508	\$ 192,563	\$ 33,924	\$ 250,800	\$ 41,250	-	-		
<b>2007</b>	8,500	10,000	8,500	8,900	3,500	14,000	8,000	8,000	\$ 866,148	
Stores	7	6	6	6	40	4	8	8		
Kits per Store/year		60,000	51,000	53,400	140,000	56,000	64,000	-		
<b>Unit Price</b>	\$ 19.25	\$ 20.31	\$ 21.25	\$ 12.95	\$ 9.21	\$ 13.95	\$ 19.95	\$ 24.95		
<b>Revenue</b>	\$ 1,165,375	\$ 1,218,600	\$ 1,053,750	\$ 691,530	\$ 1,288,700	\$ 781,200	\$ 1,276,800	\$ 1,276,800		
<b>COGS</b>	\$ 407,099	\$ 484,935	\$ 385,127	\$ 301,924	\$ 739,200	\$ 154,000	\$ 478,016	\$ 478,016		
<b>2008</b>	12,000	14,000	14,000	9,000	4,500	15,000	15,000	15,000	\$ 2,950,300	
Stores	7	6	6	6	40	4	8	8		
Kits per Store/year		84,000	84,000	54,000	180,000	60,000	120,000	75,000		
<b>Unit Price</b>	\$ 19.25	\$ 20.31	\$ 21.25	\$ 12.95	\$ 9.21	\$ 13.95	\$ 19.95	\$ 24.95		
<b>Revenue</b>	\$ 1,617,000	\$ 1,706,040	\$ 1,785,000	\$ 689,300	\$ 1,656,900	\$ 837,000	\$ 2,394,000	\$ 1,871,250		
<b>COGS</b>	\$ 574,728	\$ 678,909	\$ 634,326	\$ 305,316	\$ 950,400	\$ 165,000	\$ 896,280	\$ 412,500		
<b>2009</b>	14,000	15,000	15,000	12,000	10,000	15,000	15,000	15,000	\$ 4,617,459	
Stores	7	6	6	6	30	3	10	10		
Kits per Store/year		90,000	90,000	72,000	300,000	45,000	150,000	150,000		
<b>Unit Price</b>	\$ 19.25	\$ 20.31	\$ 21.25	\$ 12.95	\$ 9.21	\$ 13.95	\$ 19.95	\$ 24.95		
<b>Revenue</b>	\$ 1,866,500	\$ 1,827,900	\$ 1,922,500	\$ 932,400	\$ 2,761,500	\$ 627,750	\$ 2,992,500	\$ 3,742,500		
<b>COGS</b>	\$ 610,516	\$ 727,493	\$ 679,635	\$ 407,088	\$ 1,584,000	\$ 123,750	\$ 1,120,350	\$ 825,000		
<b>Cholesterol Panel</b>		<b>TSH</b>	<b>PSA</b>	<b>Hemoglobin A1c</b>	<b>Disease Management</b>	<b>Anemia</b>	<b>Rapid Allergy</b>	<b>New Development</b>		
<b>Cost of Goods Sold:</b>										
Unit COGS:										
Kits (& outbound shipping)	2.00	3.95	1.20	1.49	2.50	6.79	5.00			
Lab Processing (if any & net of non-compliance)	4.22	3.40	5.67	3.65	0.25	0.68	0.50			
Outsource Vendor Markup	0.62	0.73	0.69	0.51	0.48	2.75	7.47			
Total Unit Cost	6.84	8.08	7.55	5.65	5.28					
Wholesale price	\$ 19.25	\$ 20.31	\$ 21.25	\$ 12.95	\$ 9.21	\$ 13.95	\$ 19.95	\$ 24.95		
Gross Margin %	64%	60%	64%	56%	43%	80%	63%	67%		

**Newco Retail  
Employee Listing**

<b>Position</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
President		50,000	200,000	200,000
Chief Accountant			75,000	75,000
VP Sales			135,000	135,000
Brand Manager(s)		80,000	80,000	160,000
Sales Assistant		20,000	45,000	45,000
Admin			35,000	35,000
<b>Total</b>		<b>150,000</b>	<b>570,000</b>	<b>650,000</b>

2009

200,000

75,000

135,000

240,000

45,000

35,000

730,000